



# PORTUGAL'S BLACK LIST 2017

## Tax Haven Black List

*There has been much misreporting in the press recently concerning the removal of certain tax havens from Portugal's Offshore Blacklist. The only tax haven jurisdictions that have been removed are Jersey, the Isle of Man and Uruguay.*

We have seen a number of recent press articles in national newspapers, written by a well known European financial services company based in Lisbon and the Algarve, stating that Portugal had removed 15 countries from their Tax Haven Blacklist. Put simply, this is factually incorrect.

Of the 15 countries referred to, only Jersey, the Isle of Man and Uruguay have been removed from this list. The 12 remaining countries, as reported in these recent articles, remain on Portugal's Blacklist of Tax Havens, even though they may have either signed bilateral Tax Information Exchange Agreements (TIEA) or Double Taxation Agreements with Portugal. This includes Gibraltar and Guernsey, despite their Global Forum Rating being "largely compliant" by the OECD. However, we do expect these other 13 countries to be removed from the Portuguese Blacklist at the next revision, but currently, they remain on this list.

The Blacklist update is the second since it was introduced in 2004, and became valid from 1st January this year. The TIEA agreements will share information about resident's income, ownership of shares within companies and Trusts, movement of capital, and investments held in these jurisdictions.

The countries removed from the Blacklist will no longer be subject to the 35% increased rate of tax, and instead be subject to the normal marginal rates of tax and/or the Capital Gains Tax rate of 28% in Portugal for Portuguese residents. The tax regime applied by the Portuguese tax authority will depend upon the income type and financial structure from which the income is derived.

With the TEIAs in place along with the Common Reporting Standard (CRS) introduced this year, it is becoming increasingly difficult to "side step" the taxman in this new era. Careful planning of your tax affairs is now more important than ever, and a comprehensive review of the financial and fiduciary structures that you have is essential.

Even though this may cause many much concern, there are a number of tax compliant financial structures available to Portuguese tax residents, which can reduce Portuguese taxation quite substantially on investment income or interest. If you wish to discuss such possibilities, please contact us.

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